

Massachusetts Acute Hospital Financial Performance Fiscal Year 2013 Data Through June 30, 2013

November 2013

About this Report¹

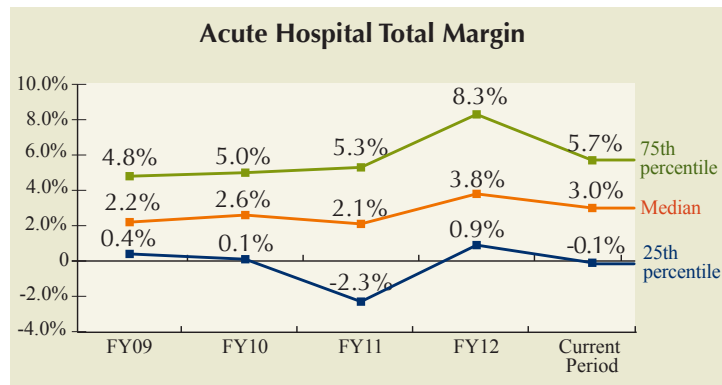
This report examines hospital profitability, liquidity, and solvency in order to monitor and compare the financial status of Massachusetts' acute care hospitals. Presented are industry analyses of three key metrics and comparisons of financial performance trends. This information is presented using quartiles. Also presented are comparisons of hospital cohorts such as teaching, community, Disproportionate Share (DSH), and Non-Disproportionate Share (Non-DSH) hospitals.

Summary

In Fiscal Year 2013, data through June 30, 2013 (Current Period), hospital profitability, as measured by total margin, was lower across the industry compared to Fiscal Year (FY) 2012 while remaining higher across the industry than during the period of FY09-FY11. Liquidity and solvency indicators remained fairly stable, with a majority of hospitals having sufficient current assets to meet short-term obligations. Compared with FY11 and FY12, this period's equity financing ratio increased slightly for each of the quartiles.

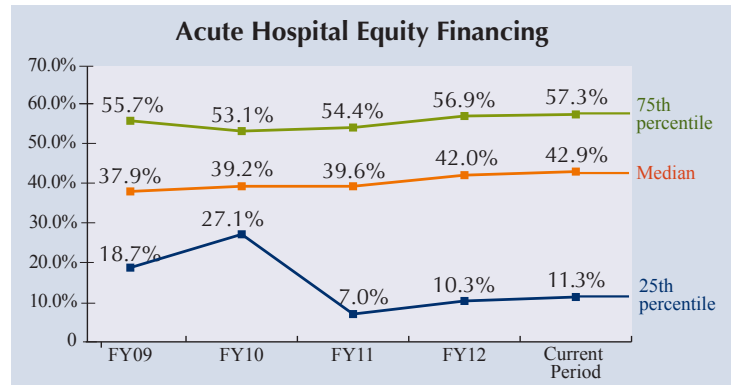
Profitability²

Total profitability, as measured by total margin, declined across all quartiles in the current reporting period. From FY12 through the Current Period, profitability for hospitals in the upper quartile decreased from 8.3% to 5.7%, and profitability in the lowest quartile decreased from .9% to -.1%.



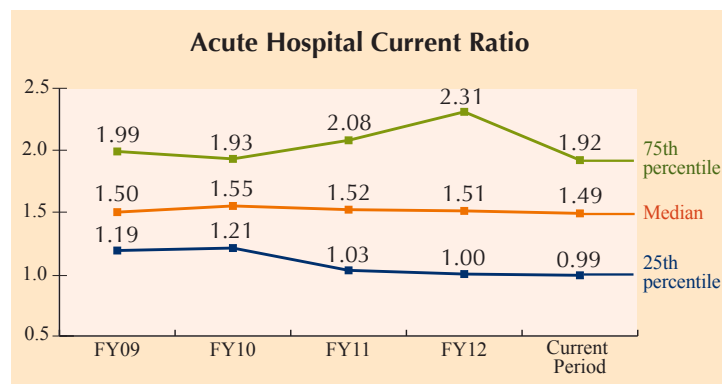
Solvency⁴

Hospital solvency was measured using the equity financing ratio. A low ratio indicates a hospital may have difficulties taking on additional debt. Between FY12 and the Current Period, the equity financing ratio remained fairly stable across all quartiles.



Liquidity³

Liquidity, as measured by the current ratio, decreased for the upper quartile and remained fairly stable for the median and lowest quartile between FY12 and the Current Period. A current ratio above 1.0 indicates a hospital has sufficient current assets to meet current liabilities.



Teaching Hospitals and Community Hospitals⁵

The teaching hospitals' median total margin in the Current Period continued to be higher compared to community hospitals. Moreover, when comparing FY12 to the Current Period, the teaching hospitals' median total margin increased 0.3% while the community hospitals' median total margin decreased 0.6%. Other financial ratios examined for these cohorts remained fairly stable.

Disproportionate Share Hospitals (DSH) and Non-DSH Hospitals⁶

Overall profitability of DSH hospitals improved between FY12 and the Current Period, increasing from 2.2% to 2.8%, whereas Non-DSH profitability declined from 4.2% to 3.1%. Other financial ratios examined for these cohorts remained fairly stable.

			Profitability	Liquidity	Solvency	
Hospital Name	Type		Total Margin	Current Ratio	Equity Financing	Profit (Loss)
Multi-Hospital Systems						
Baystate Health System Hospitals						\$67,119,000
Baystate Franklin Medical Center		D	-1.73%	1.69	53%	(\$994,000)
Baystate Mary Lane Hospital			-1.96%	1.89	67%	(\$382,000)
Baystate Medical Center	T	D	9.05%	2.95	44%	\$68,495,000
Berkshire Health System Hospitals						\$22,649,523
Berkshire Medical Center	T	D	7.56%	1.23	57%	\$19,829,640
Fairview Hospital		D	8.12%	1.00	49%	\$2,819,883
Cape Cod Health Care System Hospitals						\$26,575,159
Cape Cod Hospital		D	5.34%	1.65	58%	\$16,596,709
Falmouth Hospital		D	8.93%	0.88	73%	\$9,978,450
Care Group Hospitals						\$118,387,431
Beth Israel Deaconess Hospital - Needham			1.74%	1.89	42%	\$829,781
Beth Israel Deaconess Medical Center	T		7.46%	3.19	50%	\$79,026,000
Milton Hospital			8.73%	1.90	52%	\$5,602,768
Mount Auburn Hospital	T		9.91%	4.78	60%	\$24,117,882
New England Baptist Hospital			5.16%	3.02	51%	\$8,811,000
Partners Healthcare System Hospitals						\$196,595,000
Brigham and Women's Hospital	T		5.25%	1.25	5%	\$97,928,000
Faulkner Hospital	T		0.14%	1.04	43%	\$197,000
Martha's Vineyard Hospital			1.98%	2.46	88%	\$873,000
Massachusetts General Hospital	T		4.47%	1.53	55%	\$108,456,000
Nantucket Cottage Hospital			-5.24%	0.68	88%	(\$1,248,000)
Newton-Wellesley Hospital			3.13%	0.95	29%	\$9,629,000
North Shore Medical Center		D	-6.22%	1.39	-16%	(\$19,240,000)
Steward Health Care System Hospitals						(\$14,936,799)
Carney Hospital, Inc. *	T	D	-8.88%	0.39	-33%	(\$4,661,145)
Good Samaritan Medical Center *		D	1.91%	0.42	-12%	\$2,220,464
Holy Family Hospital *		D	1.11%	0.64	-12%	\$981,103
Merrimack Valley Hospital *		D	-24.35%	0.35	-74%	(\$5,773,541)
Morton Hospital and Medical Center *		D	-3.26%	0.67	-25%	(\$1,890,644)
Nashoba Valley Medical Center *			-0.96%	0.72	-21%	(\$203,229)
Norwood Hospital *			-5.68%	0.37	-58%	(\$4,755,871)
Quincy Medical Center *		D	-25.24%	0.29	-21%	(\$10,433,971)
Saint Anne's Hospital *		D	9.90%	0.94	43%	\$9,621,664
St. Elizabeth's Medical Center*	T	D	-0.03%	0.27	-33%	(\$41,629)
UMass Memorial Health Care System Hospitals						\$63,137,052
Clinton Hospital		D	-0.74%	2.93	81%	(\$132,000)
Health Alliance Hospital		D	3.53%	2.08	80%	\$4,095,454
Marlborough Hospital			2.12%	1.26	36%	\$1,221,000
UMass Memorial Medical Center	T	D	5.03%	1.35	13%	\$56,179,598
Wing Memorial Hospital		D	2.68%	1.60	62%	\$1,773,000
Vanguard Health System Hospitals						\$48,945,643
MetroWest Medical Center *			-0.54%	1.49	-55%	(\$1,390,292)
Saint Vincent Hospital *	T	D	14.03%	1.11	163%	\$50,335,935
Individual Hospitals						
Anna Jaques Hospital			1.83%	2.78	23%	\$1,525,889
Athol Memorial Hospital		D	-1.52%	0.49	-14%	(\$221,872)
Boston Medical Center	T	D	1.95%	1.74	57%	\$14,848,000
Cambridge Health Alliance *	T	D	-3.73%	1.04	29%	(\$19,956,270)
Children's Hospital Boston	T		14.34%	7.44	69%	\$153,125,000
Cooley Dickinson Hospital			11.96%	1.49	37%	\$15,093,073
Dana-Farber Cancer Institute	T		5.49%	1.37	67%	\$43,759,789
Emerson Hospital			-1.08%	1.99	27%	(\$1,525,247)
Hallmark Health			3.27%	3.87	47%	\$6,582,000
Harrington Memorial Hospital			6.21%	1.04	57%	\$5,410,776
Heywood Hospital		D	4.87%	0.96	51%	\$3,801,622
Holyoke Medical Center		D	5.39%	1.52	1%	\$4,998,881
Jordan Hospital			2.76%	1.28	28%	\$4,132,191
Lahey Clinic	T		7.05%	4.86	33%	\$41,768,842
Lawrence General Hospital		D	2.85%	1.60	70%	\$4,609,000
Lowell General Hospital			0.95%	1.61	29%	\$2,943,281
Massachusetts Eye and Ear Infirmary	T		1.24%	1.52	52%	\$2,036,612
Mercy Medical Center *		D	10.36%	3.16	51%	\$25,245,963
Milford Regional Medical Center			4.84%	3.41	46%	\$6,752,927
Noble Hospital		D	-0.45%	0.54	-63%	(\$185,440)
North Adams Regional Hospital		D	3.79%	1.99	0%	\$1,696,095
Northeast Hospital			5.48%	1.68	41%	\$13,547,114
Signature Healthcare Brockton Hospital		D	8.47%	1.15	36%	\$14,398,449
South Shore Hospital			4.60%	1.35	33%	\$16,393,300
Southcoast Hospitals Group		D	3.42%	1.58	56%	\$18,527,250
Sturdy Memorial Hospital			12.04%	8.99	90%	\$15,042,277
Tufts Medical Center	T		0.40%	1.44	14%	\$1,989,000
Winchester Hospital			2.75%	1.73	58%	\$5,691,758

Key: T: Teaching Hospital, D: Disproportionate Share Hospital

Notes: Profitability percentage may not add due to rounding.

* These hospitals reported data on an alternative fiscal year. See Endnote 1 for more information.

¹ About this Report

Chapter 224 of the Acts of 2012 (Chapter 224) requires the Center for Health Information and Analysis (Center) to report on acute hospital financial performance. This report focuses on three metrics: total margin, current ratio, and equity financing ratio. Additional profitability, liquidity, and solvency metrics are available in the databook and individual hospital fact sheets released concurrently with this report.

This report reflects data from Fiscal Year 2013, through June 30, 2013 (Current Period). For the majority of Massachusetts acute hospitals, which have a fiscal year end of September 30, this report reflects nine months of financial data. Cambridge Health Alliance, MetroWest Medical Center, and Saint Vincent Hospital have a fiscal year end of June 30; therefore, this report reflects a full fiscal year, or twelve months of financial data for these hospitals. Steward Health Care's ten hospitals have a year end of December 31; therefore, this report reflects six months of financial data for these hospitals. Mercy Medical Center recently moved its year end to June 30; this report reflects its last full hospital fiscal year data, which is FY12. Prior periods, listed as FY09-FY12, reflect data available for each hospital as of September 30 for each respective year.

² Profitability

Profitability measures a hospital's ability to generate earnings as compared to its revenues.

Total Margin reflects the excess of total revenues over total expenses, including operating and non-operating activities such as investment income, as a percentage of total revenue.

³ Liquidity

Liquidity refers to assets readily convertible into cash. It is a measure of how quickly assets can be converted into cash to meet current liabilities.

The "current ratio" measures short-term financial health and indicates whether a hospital is able to meet current liabilities with current assets. The higher the current ratio, the more financially stable a hospital is in the short-term.

⁴ Solvency

Solvency measures the ability of a hospital to meet its total debt obligations and is generally an indicator of long-term financial health.

The equity financing ratio measures the proportion of total net assets financed with the hospital's equity and reflects the ability of a hospital to take on more debt. High values indicate hospitals with little or no long-term liabilities.

⁵ Teaching Hospitals and Community Hospitals

The Medicare Payment Advisory Commission defines teaching hospitals as having at least 25 full-time equivalent medical school residents per one hundred inpatient beds. Based on this definition, and using Fiscal Year 2012 DHCFP- 403 Cost Report data, eighteen hospitals were assigned to the teaching hospital cohort. All other hospitals were designated as community hospitals.

⁶ Disproportionate Share Hospitals (DSH) and Non-DSH Hospitals

A Disproportionate Share (DSH) hospital is a hospital with 63% or more of patient charges attributed to Medicare, Medicaid, and other government payers, including Commonwealth Care and the Health Safety Net. Based on this definition, and using Fiscal Year 2012 DHCFP-403 Cost Report data, thirty-one hospitals were assigned to the DSH cohort. All of the remaining hospitals were designated as Non-DSH hospitals.

Individual hospital fact sheets and the databook for this report are available on the Center's website at www.mass.gov/chia.